

METROPOLITAN DEVELOPMENT COMMITTEE

DATE: October 7, 2004

CALLED TO ORDER: 5:30 p.m.

ADJOURNED: 7:02 p.m.

ATTENDANCE

Attending Members

Steve Talley, Chairman
Becky Langsford
Ron Gibson
Jackie Nytes
Marilyn Pfisterer
Mike Speedy

Absent Members

Angela Mansfield

AGENDA

PROPOSAL NO. 624, 2004 – a final resolution for Nora Commons, LP in an amount not to exceed \$15,000,000, which is the new construction of a 272-unit apartment community to be located at 8801 Evergreen Ave (District 3)
“Do Pass”

Vote: 5-0

PROPOSAL NO. 625, 2004 - a special resolution concerning the remarketing of the City of Indianapolis Economic Development Revenue Bonds, series 1994 (Knob in the Woods project) in the aggregate principal amount of \$8,900,000 (District 2)
“Do Pass”

Vote: 6-0

PROPOSAL NO. 626, 2004 – a final resolution for Turtle Creek Apartments, LLC in amount not to exceed \$10,000,000, which consists of the acquisition and rehabilitation of the existing 262-unit multifamily housing residential rental project know as Turtle Creek Apartments located at 8265 Harcourt Road (District 2)
“Do Pass”

Vote: 6-0

PROPOSAL NO. 571, 2004 – approves an increase of \$100,000 in the 2004 Budget of the Department of Metropolitan Development, Division of Administration (Non-Lapsing State Grants Fund), to complete remediation at the former gas station site located at 1402 Dr. Martin Luther King, Jr. Street, financed by a grant from the State of Indiana
“Do Pass”

Vote: 6-0

PROPOSAL NO. 572, 2004 – approves an increase of \$796,000 in the 2004 Budget of the Department of Metropolitan Development, Division of Planning (Non-Lapsing

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Federal Grants Fund), to pay for an Alternative Analysis study to further investigate rapid transit and a Comprehensive Operation Analysis to investigate local transit systems, financed by a grant from the Federal Transit Administration

“Do Pass”

Vote: 6-0

PROPOSAL NO. 573, 2004 – approves an increase of \$949,000 in the 2004 Budget of the Department of Metropolitan Development, Community Development Division (Federal Grants and Redevelopment General Fund), to cover development costs, infrastructure needs, and acquisition of the final properties at Fall Creek Place, financed by a grant from the United States Department of Housing and Urban Development, program income through the use of Community Development Block Grant funds and Redevelopment General Fund balance

“Do Pass”

Vote: 4-2

PROPOSAL NO. 574, 2004 - approves a decrease of \$352,523 in the 2004 Budget of the Department of Metropolitan Development, Community Development Division, for the purpose of increasing the fund balance in the Solid Waste Collection Fund

“Do Pass”

Vote: 5-0

PROPOSAL NO. 575, 2004 - reduces appropriations in the 2004 Budget of the Department of Metropolitan Development by \$633,260 for the purpose of increasing the fund balances of the Consolidated County, City Cumulative Capital Development, Transportation General and Redevelopment General Funds

“Do Pass”

Vote: 5-0

METROPOLITAN DEVELOPMENT COMMITTEE

The Metropolitan Development Committee of the City-County Council met on Monday, October 11, 2004. Chairman Steve Talley called the meeting to order at 5:30 p.m. with the following members present: Becky Langsford, Ron Gibson, Jackie Nytes, Marilyn Pfisterer, and Mike Speedy. Absent was Angela Mansfield. Special Guest were Ella Thompson and Jean Davenport.

PROPOSAL NO. 624, 2004 – a final resolution for Nora Commons, LP in an amount not to exceed \$15,000,000, which is the new construction of a 272-unit apartment community to be located at 8801 Evergreen Ave (District 3)

Rod Morgan, bond counsel for the Economic Development Commission (EDC), said the public hearing for the Nora Commons project was conducted October 6, 2004 in front of the Economic Development Commission. No members from the public were present and no comments were written or heard. He said the EDC unanimously recommended approval of this transaction and the value cap allocation was awarded with the closing date of November 13, 2004. Mr. Morgan said Councillor Bradford has written a support letter for this project. Mr. Morgan said once the project is complete the property taxes from this project will be between \$250,000 and \$300,000.

Chairman Talley said in the project there are no general obligation bonds, which would be a liability to the City and County. Mr. Morgan said this is correct and no tax revenue will be utilized to repay the bonds used. The bonds will be paid by revenue produced by the project.

Councillor Nytes asked what the Nora Community Council's position is regarding this project. Mr. Morgan said the Nora Community Council is in support of the project as well.

Councillor Speedy said he would like to abstain from voting, due to a working relationship related to this project.

Councillor Gibson moved, seconded by Councillor Nytes, to send Proposal No. 624, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

PROPOSAL NO. 625, 2004 - a special resolution concerning the remarketing of the City of Indianapolis Economic Development Revenue Bonds, series 1994 (Knob in the Woods project) in the aggregate principal amount of \$8,900,000 (District 2)

Mr. Morgan said the bonds in this project were issued in 1994 and were secured by Fannie Mae. One of the requirements of Fannie Mae's secure bonds is that the bonds are remarketed after ten years. Mr. Morgan said the ten year mark is December 1, 1994 and

the bonds must be remarketed by December 1, 2004. If the bonds are not remarketed, the tax exempt status on these bonds will be lost. Mr. Morgan said the interest rate will be established for a period not to exceed ten years and those bonds will stay at the same interest rate.

Councillor Pfisterer asked if it was anticipated that the project would be completed this year. Mr. Morgan responded in the negative and said the reason Fannie Mae remarkets their bonds every ten years is to take advantage of the tax interest rates at that time. Councillor Pfisterer asked if it is a good idea to remarket when interest rates are going up. Mr. Morgan said it is required to remarket the bonds. Tom Peterson, bond counsel, Ice Miller, said the idea of remarketing every ten years, is the ten year interest rate is always lower than a longer interest rate at that time. Mr. Peterson said Fannie Mae's philosophy is the ten year rate should give an overall interest coverage than if the 30 year rate was given.

Councillor Nytes asked if the Council will see more of the remarketing proposals. Mr. Peterson said it is a possibility. Some bonds started with a 15 year period, and the Council may see additional proposals.

Councillor Gibson moved, seconded by Councillor Pfisterer, to send Proposal No. 625, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 626, 2004 – a final resolution for Turtle Creek Apartments, LLC in amount not to exceed \$10,000,000, which consists of the acquisition and rehabilitation of the existing 262-unit multifamily housing residential rental project know as Turtle Creek Apartments located at 8265 Harcourt Road (District 2)

Mr. Morgan said the public hearing for this project was October 6, 2004 in front of the Economic Development Commission. No members from the public were present and no comments were written or heard. This project was introduced in April 2004 and there have been no changes to the project since introduction. Mr. Morgan said the tax credit transaction volume cap allocation requires being close November 13, 2004. The developer is aware that the bonds are not an obligation of the City and no tax revenues will be used to repay these bonds. The Economic Development Commission unanimously recommended approval of this transaction.

Councillor Pfisterer asked if there has been any input from the Councillor in this district. Mr. Morgan said Councillor Mansfield has been contacted and to his understanding is in full support of this project.

Councillor Nytes moved, seconded by Councillor Gibson, to send Proposal No. 626, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

Councillor Nytes said that she has requested a map to be generated to show the various multifamily housing projects that the Council has been able to support. She believes by lending City support to the financing and using the mechanisms the City has, they have been able to generate a healthy variety of housing options for the citizens. Mr. Morgan agreed.

PROPOSAL NO. 571, 2004 – approves an increase of \$100,000 in the 2004 Budget of the Department of Metropolitan Development, Division of Administration (Non-Lapsing State Grants Fund), to complete remediation at the former gas station site located at 1402 Dr. Martin Luther King, Jr. Street, financed by a grant from the State of Indiana

Margaret Lawrence Banning, Administrator for Economic Development, Department of Metropolitan Development (DMD), said this is a grant the City applied for earlier this summer for the clean-up of some City owned property along Dr. Martin Luther King, Jr. Street. Ms. Banning said the site was a former gas station and car repair site. The City has already expended public funds to clean-up the area and anticipate this effort to be the final clean-up.

Councillor Pfisterer asked if \$100,000 will be a sufficient amount to complete the project. Ms. Banning said the clean-up has been done over the years and the \$100,000 will be a sufficient amount to complete the task. Ms. Banning stated that with the grant, the City has to be very specific about how the money will be used. The City already has a quote from a contractor of what the amount will be to clean the site.

Councillor Speedy asked if the City is required to use private entities on other trouble sites. Ms. Banning said she is unsure of what kind of grant funds are available for privately owned properties but will research this issue. Councillor Speedy asked if there are other grants available that will fit the criteria to get other City owned sites clean-up. Ms. Banning said as a general rule when the property is privately owned, the City looks to those who polluted the area to clean-up. The City becomes the mediator in this situation. There are some low interest loans available through the Development Finance Authority for privately own properties. Ms. Banning said pure grants for property that is privately owned is not easily accessible.

Councillor Nytes asked if the City filed suit against previous owners on property that needed clean-up. Ms. Banning said the City will go after the company's insurance and try not to acquire property that is heavily polluted.

Councillor Gibson commended the City for attacking the Brownfield locations and making them potential redevelopment areas to enhance our City.

Councillor Pfisterer moved, seconded by Councillor Gibson, to send Proposal No. 571, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 572, 2004 – approves an increase of \$796,000 in the 2004 Budget of the Department of Metropolitan Development, Division of Planning (Non-Lapsing Federal Grants Fund), to pay for an Alternative Analysis study to further investigate rapid transit and a Comprehensive Operation Analysis to investigate local transit systems, financed by a grant from the Federal Transit Administration

Mike Peoni, Administrator for Division of Planning, DMD, said the alternative analysis is intended to identify a starter system for the rapid transit system in the northeast corridor. Mr. Peoni said DMD wants to ensure that their policy decision makers have the information they need to make an informed decision at the end of the process. In addition to the alternative analysis, other supplemental studies have been identified to assist in developing a sound recommendation. Mr. Peoni said the Comprehensive Operation Analysis will be used to address the question of what is going to happen with IndyGo and how it is going to fit into the rapid transit system.

Councillor Gibson said he is pleased to see that IndyGo is being included in the overall transit rapid system.

Councillor Speedy asked if the study was conducted outside the City. Mr. Peoni said the study does not go outside of the City but includes the Indianapolis region, which includes all of Marion County and surrounding counties. Councillor Speedy asked if a third party engineering firm is conducting these studies. Mr. Peoni replied in the affirmative and said the upcoming studies will be a continuation of the Direction Study being conducted by Indianapolis Transit Consultants. Councillor Speedy asked who some of the consultants are. Mr. Peoni said they have a prime consultant, and they have sub-consultants. Councillor Speedy asked who exactly will be using this study. Mr. Peoni said a lot of individuals will be using this study. DMD is currently working with the Indianapolis Regional Transportation Advisory Council policy committee, which consists of all the elected officials throughout the entire region.

Councillor Pfisterer asked if the study will promote additional grants in the future. Mr. Peoni replied in the affirmative and said the goal is to get federal funds to implement the first stage of the rapid transit system. Councillor Pfisterer asked if different bus routes out of the county have been taken into consideration in this study. Mr. Peoni said this study will be helpful and IndyGo is always looking for opportunities. Councillor Pfisterer said she has been in contact with IndyGo and no one has been back in contact with her.

Councillor Nytes asked what will be different in the proposed study compared to past studies. Mr. Peoni said each study allows them to conclude what different issues need additional studies, which will lead to identifying an actual starter system.

Councillor Gibson moved, seconded by Councillor Nytes, to send Proposal No. 572, 2004 to the full Council with a “Do Pass” recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 573, 2004 – approves an increase of \$949,000 in the 2004 Budget of the Department of Metropolitan Development, Community Development Division (Federal Grants and Redevelopment General Fund), to cover development costs, infrastructure needs, and acquisition of the final properties at Fall Creek Place, financed by a grant from the United States Department of Housing and Urban Development, program income through the use of Community Development Block Grant funds and Redevelopment General Fund balance

Julie Slaughter, Administrator for Division of Community Development, DMD, said DMD is asking for \$949,000 to increase their appropriation for 2004. Ms. Slaughter said \$174,000 of the amount requested is from a new grant they have received from the federal government. The Economic Development Initiative Grant is a grant that will be used to contract with the E. 10th Street Civic Association to acquire and rehabilitate commercial property on 10th Street (between Temple and Sherman). Ms. Slaughter said it is anticipated that this activity will promote and attract new businesses and jobs to the E. 10th Street corridor. Ms. Slaughter said \$500,000 of this fiscal ordinance will be used for program income in Community Development Block Grant. Program income is experienced when a profit has been made off selling of properties in the Fall Creek Place area. Ms. Slaughter said the \$500,000 will be used for additional development cost and ongoing development costs towards the completion of this project. The project is expected to be completed or substantially completed by December 31, 2004. Ms. Slaughter said in addition, DMD is taking \$275,000 from the Fall Creek Place area to be used to acquire four properties in Fall Creek Place and finish out the development of the new homes in the vacant lots.

Councillor Speedy asked if it will be appropriate to hear public comment. Chairman Talley said the public will be allowed to speak, but he wanted to give Councillor Nytes an opportunity to speak on behalf of these projects, as she is one of the Councilors who represent this area.

Councillor Nytes said it is important to recognize that Proposal No. 573, 2004 is not only about Fall Creek Place but actually benefits E. 10th Street and the main street improvement. Councillor Nytes said she is excited to see that the proceeds from the sell of the houses in Fall Creek Place are being recycled back into the cost of development of infrastructure for the area.

Van Kirby, a potential resident of Fall Creek Place, said the outer structure of Fall Creek Place is remarkable, and the residents in the area are wonderfully adverse. But the infrastructure of taking care of the people has been neglected. He said residents have been neglected three years in the building process while trying to receive additional support from people in charge and getting no response. Mr. Kirby said he was abandoned by his builder a year into his building process and continues to have problems with her after many efforts to fire the builder. He pleaded to the committee to bring this issue before the Council to immediately take care of those people who have lost life savings and a lump sum of money in putting this project together.

Dawn Black, current resident of Fall Creek Place, said residents would like some clarification of the improvements being made. For example, what main properties are being discussed, what infrastructure is the money going to help, and what phase of the project is going to be addressed?

Jennifer Green, Project Manager for Fall Creek Place, said currently they have four properties that are in the process of being acquired. Offers have already been made to the owners and this is where some of the funding is going. Ms. Green said some of the money is going to be used in phases 1 and 2 to repair sidewalks and curbs that have been damaged due to the building process. Ms. Black asked if anyone asked the residents in Fall Creek Place what they thought needed to be repaired in phases 1 and 2. Ms. Green said they have had some conversations with residents but most of the input has been through inspections. Chairman Talley asked if in the future residents could be contacted for their input. Ms. Green said the residents' input is always welcome, and they receive a lot of phone calls with information on repair from the residents.

Roy Shawhan, property owner of Fall Creek Place, said he signed up for his property on January 2002, and his house is still not completed. He has experienced serious mold problems and birds flying in his house because his house is not completely sealed. Mr. Shawhan stated when he first signed up for the project, he felt it was a dream come true. But now it has turned into a nightmare. He said he has lost several thousands of dollars in this project, but still wants to be a part of this neighborhood.

Councillor Gibson said he is thankful that these residents consider Fall Creek Place as their new home and apologized for any problems that may have occurred on behalf of the City. He said Fall Creek Place is a prime example of how well a neighborhood can be redeveloped. He encourages the City planner and the committee to have regular meetings with the residents to talk about the issues and concerns they are having.

Councillor Speedy said he would advise the City planner to investigate these problems and find solutions before they proceed with new projects in Fall Creek Place. Councillor Speedy said he would also like to see co-sponsorship in this proposal by Councillor Abdullah, and for these reasons he would ask to continue this proposal to the next committee meeting.

Chairman Talley said before he recognizes Councillor Speedy's motion, he wanted to allow Councillor Nytes an opportunity to respond.

Councillor Nytes said what they have heard this evening is a tale of a great deal of frustration, and it is unfortunate that some residents had to experience this. But, nearly

300 homeowners in Fall Creek Place are satisfied with the service they received. She said it is important to recognize that some of the problems residents are experiencing can be focused down to particular builders and not all the builders. Councillor Nytes said one of the dilemmas the City faces with Fall Creek Place is whether this is a free market

project and at what point is the City responsible. She said in a free market the builder and the homeowners have a relationship and hopefully can work things out on their own. Councillor Nytes said Proposal No. 573, 2004 is not related to what the real problem is, and; therefore, does not need to be continued to the next committee meeting. She suggested that the City provide as much information as possible to the residents who are experiencing problems with their builders and that the City to move forward with what actually is the City's work in the Fall Creek Place project.

Councillor Speedy said in this project it is not a question of the role of the City but the role of leadership to these residents. The City has shown great leadership and vision in coming up with the plan of turning this neighborhood to a vibrant neighborhood. He said it is clear by some of the testimony that in the private sector some of the solutions have not been working. The City needs to step in and make sure that the homeowners are satisfied with the process and their concerns are addressed.

Councillor Nytes said while there are efforts being made to provide additional leadership, the fact is Proposal 573, 2004 is not a proposal that is going to fix these residents problems. She said Proposal 573, 2004 will assist in the purchase of lots in Fall Creek Place for additional homeowners, repairs that are needed, and additional infrastructure that needs to be completed. Councillor Nytes said passing or not passing this proposal is not going to solve the problems some residents are experiencing. She said what is going to solve their problem is for issues to be worked out with their builders.

Councillor Speedy said the City needs to evaluate the process that has selected the builders. Councillor Nytes said the builder in question is not going to get another home out of the four new properties and they already know what went wrong. Councillor Speedy said this project, like any other development project, has various stopping points and for the project to proceed certain approvals are required. Councillor Speedy said by postponing this proposal, it will give the City an opportunity to focus on the problems that are already being experienced in Fall Creek Place. Ms. Slaughter said they have experienced a lot with this project, and they are very committed to this project. She said if there have been legal action they could take against some of the builders they have taken those actions. Ms. Slaughter said she is concerned for those residents who are having a bad experience with this project and is willing to work with the residents to address their concerns. She said other potential residents are waiting for their homes and there is a Housing and Urban Development (HUD) deadline to be substantially complete by December 31, 2004 on this project. Ms. Slaughter said that she and Ms. Green assure the committee that they will meet and assist residents to bring closure to their projects.

Councillor Langsford asked if this grant will be lost by December 2004 if not used. Ms. Slaughter said they would have to try to get the grant reappropriated and bring it back next year. She said the issue is more of the agreement they made to HUD to be substantially complete with this project by the end of December and is not sure what will happen if the agreement is not met.

Mr. Kirby said they are in favor of bringing money into Fall Creek Place to fix sidewalks and other infrastructure because this is what they signed up for. But, the facts remains that this particular builder who is causing problems is still building homes. Ms. Green said they are very aware of the issues with the builders and meet with them once a month to see where they are in their projects. She said not being a party to the contracts, legally the City can only do so much, but they do address the problems they have control over.

Ms. Black said there is a homeowners' meeting October 27, 2004 and if the proposal could be postpone to the next committee meeting to allow conversations to be held with residents of the Fall Creek Place, that would help address some of the concerns.

Chairman Talley said the problem with that is it will be beyond the construction season.

Councillor Pfisterer said the construction season is not much of an issue, because some of the money is going to be used for sidewalk repair that can be done in the winter. She said her concern is what insurance could be given to prevent builders that are causing problems from being allowed to bid on the additional properties being purchased. Ms. Slaughter said the four properties being discussed are structures; three of those will be rehab and will not involve building new constructions. The fourth property, owner has already picked a builder that is not a current builder other residents are experiencing problems with.

Councillor Langsford said the builder can not be fixed overnight but the infrastructure can be fixed and Proposal No. 573, 2004 needs to move forward.

Councillor Speedy said he made a motion on this proposal. Chairman Talley said the motion was not recognized because he did not call for a motion. Chairman Talley asked Councillor Nytes to follow up on the problems the residents are having in Fall Creek Place and asked for a report from Ms. Green to be provided at the next committee meeting. Councillor Nytes and Ms. Green agreed.

Councillor Gibson moved, seconded by Councillor Nytes, to send Proposal No. 573, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 4-2. With Councillors Pfisterer and Speedy casting the negative vote.

[Clerk's note: Councillor Speedy left at 6:50 p.m.]

PROPOSAL NO. 574, 2004 - approves a decrease of \$352,523 in the 2004 Budget of the Department of Metropolitan Development, Community Development Division, for the purpose of increasing the fund balance in the Solid Waste Collection Fund

PROPOSAL NO. 575, 2004 - reduces appropriations in the 2004 Budget of the Department of Metropolitan Development by \$633,260 for the purpose of increasing the fund balances of the Consolidated County, City Cumulative Capital Development, Transportation General and Redevelopment General Funds

Barbara Lawrence, City Controller, said these proposals are brought forward due to certain changes that were made by the State. The City was notified that they will be receiving \$5.4 million less in revenues because of the loss of assessed value. As a result the Controller's office joined partnership with numerous departments to cut spending. She said Exhibit A (attached) shows some of those budget cuts. Ms. Lawrence said Proposal No. 574, 2004 returns \$352,523 to the Solid Waste Fund and Proposal No. 575, 2004 returns \$633,260 to a collection of funds.

Councillor Pfisterer asked if any services will be impacted as a result of these reversions. Ms. Lawrence said they tried to reduce internal funds so this should not interfere with the external services.

Councillor Nytes asked if these numbers were anticipated reductions reflected in the budget process. Ms. Lawrence said all of these numbers were reflected as part of the second half of the 2005 budget. Councillor Nytes asked if they are expecting to reach the numbers that they were able to work with through the budget process. Ms. Lawrence replied in the affirmative.

Councillor Nytes moved, seconded by Councilor Gibson, to send Proposal No. 574 and 575, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

CONCLUSION

With no further business pending, and upon motion duly made, the Metropolitan Development Committee of the City-County Council was adjourned at 7:02 p.m.

Respectfully submitted,

Steve Talley, Chairman
Metropolitan Development Committee

ST/as

CONCLUSION

With no further business pending, and upon motion duly made, the Metropolitan Development Committee of the City-County Council was adjourned at 7:02 p.m.

Respectfully submitted,

Steve Talley, Chairman
Metropolitan Development Committee

ST/as

